§ 16503. Sugar ethanol loan guarantee program

(a) In general
Funds may be provided for the cost (as defined in section 661a of title 2) of loan guarantees issued under title XIV to carry out commercial demonstration projects for ethanol derived from sugarcane, bagasse, and other sugarcane byproducts.

(b) Demonstration projects
The Secretary may issue loan guarantees under this section to projects to demonstrate commercially the feasibility and viability of producing ethanol using sugarcane, sugarcane bagasse, and other sugarcane byproducts as a feedstock.

(c) Requirements
An applicant for a loan guarantee under this section may provide assurances, satisfactory to the Secretary, that—

(1) the project design has been validated through the operation of a continuous process facility;

(2) the project has been subject to a full technical review;

(3) the project, with the loan guarantee, is economically viable; and

(4) there is a reasonable assurance of repayment of the guaranteed loan.

(d) Limitations

(1) Maximum guarantee
Except as provided in paragraph (2), a loan guarantee under this section—

(A) may be issued for up to 80 percent of the estimated cost of a project; but

(B) shall not exceed $50,000,000 for any 1 project.

(2) Additional guarantees

(A) In general
The Secretary may issue additional loan guarantees for a project to cover—

(i) up to 80 percent of the excess of actual project costs; but

(ii) not to exceed 15 percent of the amount of the original loan guarantee.

(B) Principal and interest
Subject to subparagraph (A), the Secretary shall guarantee 100 percent of the principal and interest of a loan guarantee made under subparagraph (A).


§ 16512. Terms and conditions

(a) In general
Except for division C of Public Law 108–324 [15 U.S.C. 720 et seq.], the Secretary shall make guarantees under this or any other Act for projects on such terms and conditions as the Secretary determines, after consultation with the Secretary of the Treasury, only in accordance with this section.

(b) Specific appropriation or contribution

(1) 1 In general
No guarantee shall be made unless—

(A) an appropriation for the cost of the guarantee has been made;

(B) the Secretary has received from the borrower a payment in full for the cost of the guarantee and deposited the payment into the Treasury; or

(C) a combination of one or more appropriations under subparagraph (A) and one or more payments from the borrower under

1See References in Text note below.
§ 16512

(c) Amount

Unless otherwise provided by law, a guarantee by the Secretary shall not exceed an amount equal to 80 percent of the project cost of the facility that is the subject of the guarantee, as estimated at the time at which the guarantee is issued.

(d) Repayment

(1) In general

No guarantee shall be made unless the Secretary determines that there is reasonable prospect of repayment of the principal and interest on the obligation by the borrower.

(2) Amount

No guarantee shall be made unless the Secretary determines that the amount of the obligation (when combined with amounts available to the borrower from other sources) will be sufficient to carry out the project.

(3) Subordination

The obligation shall be subject to the condition that the obligation is not subordinate to other financing.

(e) Interest rate

An obligation shall bear interest at a rate that does not exceed a level that the Secretary determines appropriate, taking into account the prevailing rate of interest in the private sector for similar loans and risks.

(f) Term

The term of an obligation shall require full repayment over a period not to exceed the lesser of—

(1) 30 years; or
(2) 90 percent of the projected useful life of the physical asset to be financed by the obligation (as determined by the Secretary).

(g) Defaults

(1) Payment by Secretary

(A) In general

If a borrower defaults on the obligation (as defined in regulations promulgated by the Secretary and specified in the guarantee contract), the holder of the guarantee shall have the right to demand payment of the unpaid amount from the Secretary.

(B) Payment required

Within such period as may be specified in the guarantee or related agreements, the Secretary shall pay to the holder of the guarantee the unpaid interest on, and unpaid principal of the obligation as to which the borrower has defaulted, unless the Secretary finds that there was no default by the borrower in the payment of interest or principal or that the default has been remedied.

(C) Forbearance

Nothing in this subsection precludes any forbearance by the holder of the obligation for the benefit of the borrower which may be agreed upon by the parties to the obligation and approved by the Secretary.

(2) Subrogation

(A) In general

If the Secretary makes a payment under paragraph (1), the Secretary shall be subrogated to the rights of the recipient of the payment as specified in the guarantee or related agreements including, where appropriate, the authority (notwithstanding any other provision of law) to—

(i) complete, maintain, operate, lease, or otherwise dispose of any property acquired pursuant to such guarantee or related agreements; or
(ii) permit the borrower, pursuant to an agreement with the Secretary, to continue to pursue the purposes of the project if the Secretary determines this to be in the public interest.

(B) Superiority of rights

The rights of the Secretary, with respect to any property acquired pursuant to a guarantee or related agreements, shall be superior to the rights of any other person with respect to the property.

(C) Terms and conditions

A guarantee agreement shall include such detailed terms and conditions as the Secretary determines appropriate to—

(i) protect the interests of the United States in the case of default; and
(ii) have available all the patents and technology necessary for any person selected, including the Secretary, to complete and operate the project.

(3) Payment of principal and interest by Secretary

With respect to any obligation guaranteed under this section, the Secretary may enter into a contract to pay, and pay, holders of the obligation, for and on behalf of the borrower, from funds appropriated for that purpose, the principal and interest payments which become due and payable on the unpaid balance of the obligation if the Secretary finds that—

(A)(i) the borrower is unable to meet the payments and is not in default;
(ii) it is in the public interest to permit the borrower to continue to pursue the purposes of the project; and
(iii) the probable net benefit to the Federal Government in paying the principal and interest will be greater than that which would result in the event of a default;
(B) the amount of the payment that the Secretary is authorized to pay shall be no greater than the amount of principal and interest that the borrower is obligated to pay under the agreement being guaranteed; and
(C) the borrower agrees to reimburse the Secretary for the payment (including interest) on terms and conditions that are satisfactory to the Secretary.

(4) Action by Attorney General

(A) Notification

If the borrower defaults on an obligation, the Secretary shall notify the Attorney General of the default.
(B) Recovery
On notification, the Attorney General shall take such action as is appropriate to recover the unpaid principal and interest due from—
(i) such assets of the defaulting borrower as are associated with the obligation; or
(ii) any other security pledged to secure the obligation.

(h) Fees
(1) In general
The Secretary shall charge and collect fees for guarantees in amounts the Secretary determines are sufficient to cover applicable administrative expenses.
(2) Availability
Fees collected under this subsection shall—
(A) be deposited by the Secretary into the Treasury; and
(B) remain available until expended, subject to such other conditions as are contained in annual appropriations Acts.

(i) Records; audits
(1) In general
A recipient of a guarantee shall keep such records and other pertinent documents as the Secretary shall prescribe by regulation, including such records as the Secretary may require to facilitate an effective audit.
(2) Access
The Secretary and the Comptroller General of the United States, or their duly authorized representatives, shall have access, for the purpose of audit, to the records and other pertinent documents.

(j) Full faith and credit
The full faith and credit of the United States is pledged to the payment of all guarantees issued under this section with respect to principal and interest.

(k) Wage rate requirements
All laborers and mechanics employed by contractors and subcontractors in the performance of construction work financed in whole or in part by a loan guaranteed under this subchapter shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40. With respect to the labor standards in this subsection, the Secretary of Labor shall have the authority and functions set forth in Reorganization Plan Numbered 14 of 1950, referred to in subsec. (k), and section 3145 of title 31.

(2011—Subsec. (b). Pub. L. 112–74 added subsec. (b) and struck out former subsec. (b). Prior to amendment, text read as follows: “No guarantee shall be made unless—
(1) an appropriation for the cost has been made; or
(2) the Secretary has received from the borrower a payment in full for the cost of the obligation and deposited the payment into the Treasury.”


§ 16513. Eligible projects
(a) In general
The Secretary may make guarantees under this section only for projects that—
(1) avoid, reduce, or sequester air pollutants or anthropogenic emissions of greenhouse gases; and
(2) employ new or significantly improved technologies as compared to commercial technologies in service in the United States at the time the guarantee is issued.

(b) Categories
Projects from the following categories shall be eligible for a guarantee under this section:
(1) Renewable energy systems.
(2) Advanced fossil energy technology (including coal gasification meeting the criteria in subsection (d)).
(3) Hydrogen fuel cell technology for residential, industrial, or transportation applications.
(4) Advanced nuclear energy facilities.
(5) Carbon capture and sequestration practices and technologies, including agricultural and forestry practices that store and sequester carbon.
(6) Efficient electrical generation, transmission, and distribution technologies.
(7) Efficient end-use energy technologies.
(8) Production facilities for the manufacture of fuel efficient vehicles or parts of those vehicles, including electric drive vehicles and advanced diesel vehicles.
(9) Pollution control equipment.
(10) Refineries, meaning facilities at which crude oil is refined into gasoline.

(c) Gasification projects
The Secretary may make guarantees for the following gasification projects:
(1) Integrated gasification combined cycle projects
Integrated gasification combined cycle plants meeting the emission levels under subsection (d), including—
(A) projects for the generation of electricity—
(i) for which, during the term of the guarantee—
(I) coal, biomass, petroleum coke, or a combination of coal, biomass, and petroleum coke will account for at least 65 percent of annual heat input; and
(II) electricity will account for at least 65 percent of net useful annual energy output;
(ii) that have a design that is determined by the Secretary to be capable of accommodating the equipment likely to be necessary to capture the carbon dioxide that would otherwise be emitted in flue gas from the plant;
(iii) that have an assured revenue stream that covers project capital and operating costs (including servicing all debt obligations covered by the guarantee) that is approved by the Secretary and the relevant State public utility commission; and
(iv) on which construction commences not later than the date that is 3 years after the date of the issuance of the guarantee;
(B) a project to produce energy from coal (of not more than 13,000 Btu/lb and mined in the western United States) using appropriate advanced integrated gasification combined cycle technology that minimizes and offers the potential to sequester carbon dioxide emissions and that—
(i) may include repowering of existing facilities;
(ii) may be built in stages;
(iii) shall have a combined output of at least 100 megawatts;
(iv) shall be located in a western State at an altitude greater than 4,000 feet; and
(v) shall demonstrate the ability to use coal with an energy content of not more than 9,000 Btu/lb;
(C) a project located in a taconite-producing region of the United States that is entitled under the law of the State in which the plant is located to enter into a long-term contract approved by a State public utility commission to sell at least 450 megawatts of output to a utility;
(D) facilities that—
(i) may include repowering of existing facilities; and
(ii) use those streams to facilitate the production of ultra clean premium fuels and carbon monoxide-rich product streams from the gasification of coal or coal waste; and
(E) a project to produce energy and clean fuels, using appropriate coal liquefaction technology, from Western bituminous or subbituminous coal, that—
(i) is owned by a State government; and
(ii) may include tribal and private coal resources.
(2) Industrial gasification projects
Facilities that gasify coal, biomass, or petroleum coke in any combination to produce synthesis gas for use as a fuel or feedstock and for which electricity accounts for less than 65 percent of the useful energy output of the facility.
(3) Petroleum coke gasification projects
The Secretary is encouraged to make loan guarantees under this subchapter available for petroleum coke gasification projects.
(4) Liquefaction project
Notwithstanding any other provision of law, funds awarded under the Department of Energy’s Clean Coal Power Initiative for Fischer-Tropsch coal-to-oil liquefaction projects may be used to finance the cost of loan guarantees for projects awarded such funds.
(d) Emission levels
In addition to any other applicable Federal or State emission limitation requirements, a project shall attain at least—
(1) total sulfur dioxide emissions in flue gas from the project that do not exceed 0.05 lb/MMBtu;
(2) a 90-percent removal rate (including any fuel pretreatment) of mercury from the coal-derived gas, and any other fuel, combusted by the project;
(3) total nitrogen oxide emissions in the flue gas from the project that do not exceed 0.08 lb/MMBtu; and
(4) total particulate emissions in the flue gas from the project that do not exceed 0.01 lb/MMBtu.
(e) Qualification of facilities receiving tax credits
A project that receives tax credits for clean coal technology shall not be disqualified from receiving a guarantee under this subchapter.

AMENDMENTS
2007—Subsec. (b)(8). Pub. L. 110–140 added par. (8) and struck out former par. (8) which read as follows: “Production facilities for fuel efficient vehicles, including hybrid and advanced diesel vehicles.”
§ 16514. Authorization of appropriations
(a) In general
There are authorized to be appropriated such sums as are necessary to provide the cost of guarantees under this subchapter.
(b) Use of other appropriated funds
The Department may use amounts awarded under the Clean Coal Power Initiative to carry out the project described in section 16513(c)(1)(C) of this title, on the request of the recipient of such award, for a loan guarantee, to the extent that the amounts have not yet been disbursed to, or have been repaid by, the recipient.

AMENDMENTS
§ 16515. Limitation on commitments to guarantee loans

(a) Notwithstanding section 101, subject to the Federal Credit Reform Act of 1990, as amended [2 U.S.C. 661 et seq.], commitments to guarantee loans under title XVII of the Energy Policy Act of 2005 [42 U.S.C. 16501 et seq.] shall not exceed a total principal amount, any part of which is to be guaranteed, of $4,000,000,000: Provided, That there are appropriated for the cost of the guaranteed loans such sums as are hereafter derived from amounts received from borrowers pursuant to section 16512(b)(2) of this title, to remain available until expended: Provided further, That the source of payments received from borrowers for the subsidy cost shall not be a loan or other debt obligation that is made or guaranteed by the Federal government. In addition, fees collected pursuant to section 16512(h) of this title in fiscal year 2007 shall be credited as offsetting collections to the Departmental Administration account for administrative expenses of the Loan Guarantee Program: Provided further, That the sum appropriated for administrative expenses for the Loan Guarantee Program shall be reduced by the amount of fees received during fiscal year 2007: Provided further, That any fees collected under section 16512(h) of this title in excess of the amount appropriated for administrative expenses shall not be available until appropriated.

(b) No loan guarantees may be awarded under title XVII of the Energy Policy Act of 2005 [42 U.S.C. 16501 et seq.] until final regulations are issued that include—

(1) programmatic, technical, and financial factors the Secretary will use to select projects for loan guarantees;

(2) policies and procedures for selecting and monitoring lenders and loan performance; and

(3) any other policies, procedures, or information necessary to implement title XVII of the Energy Policy Act of 2005.

(c) The Secretary of Energy shall enter into an arrangement with an independent auditor for annual evaluations of the program under title XVII of the Energy Policy Act of 2005 [42 U.S.C. 16501 et seq.]. In addition to the independent audit, the Comptroller General shall conduct an annual review of the Department’s execution of the program under title XVII of the Energy Policy Act of 2005. The results of the independent audit and the Comptroller General’s review shall be provided directly to the Committees on Appropriations of the House of Representatives and the Senate.


(e) Not later than 120 days after February 15, 2007, and annually thereafter, the Secretary of Energy shall transmit to the Committees on Appropriations of the House of Representatives and the Senate a report containing a summary of all activities under title XVII of the Energy Policy Act of 2005 [42 U.S.C. 16501 et seq.], beginning in fiscal year 2007, with a listing of responses to loan guarantee solicitations under this subchapter, describing the technologies, amount of loan guarantee sought, and the applicants’ assessment of risk.


REFERENCES IN TEXT

Section 101, referred to in subsec. (a), is section 101 of title I of div. B of Pub. L. 109–289, as added by Pub. L. 110–5, §2, Feb. 15, 2007, 121 Stat. 21. Subsec. (b) of section 101 is classified as a note under section 12651 of this title. Subsecs. (a) and (c) of section 101 are not classified to the Code.


CODIFICATION

Section was enacted as part of the Continuing Appropriations Resolution, 2007, and not as part of the Energy Policy Act of 2005 which comprises this chapter.

§ 16516. Temporary program for rapid deployment of renewable energy and electric power transmission projects

(a) In general

Notwithstanding section 16513 of this title, the Secretary may make guarantees under this section only for the following categories of projects that commence construction not later than September 30, 2011:

(1) Renewable energy systems, including incremental hydropower, that generate electricity or thermal energy, and facilities that manufacture related components.

(2) Electric power transmission systems, including upgrading and reconductoring projects.

(3) Leading edge biofuel projects that will use technologies performing at the pilot or demonstration scale that the Secretary determines are likely to become commercial technologies and will produce transportation fuels that substantially reduce life-cycle greenhouse gas emissions compared to other transportation fuels.

(b) Factors relating to electric power transmission systems

In determining to make guarantees to projects described in subsection (a)(2), the Secretary may consider the following factors:

(1) The viability of the project without guarantees.

(2) The availability of other Federal and State incentives.

(3) The importance of the project in meeting reliability needs.

(4) The effect of the project in meeting a State or region’s environment (including climate change) and energy goals.

1 See References in Text note below.
2 So in original. Probably should be capitalized.
§ 16521. Report on energy integration with Latin America

The Secretary shall submit an annual report to the Committee on Energy and Commerce of the United States House of Representatives and to the Committee on Energy and Natural Resources of the Senate concerning the status of energy export development in Latin America and efforts by the Secretary and other departments and agencies of the United States to promote energy integration with Latin America. The report shall contain a detailed analysis of the status of energy export development in Mexico and a description of all significant efforts by the Secretary and other departments and agencies with respect to promoting energy integration with Latin America. In particular this report shall outline efforts the Secretary and other departments and agencies have made to ensure that regulatory approval and oversight of United States/Mexico border projects that result in the expansion of Mexican energy capacity are effectively coordinated across departments and with the Mexican government.


SUBCHAPTER XVI—STUDIES

§ 16522. Low-volume gas reservoir study

(a) Study

The Secretary shall make a grant to an organization of oil and gas producing States, specifically those containing significant numbers of marginal oil and natural gas wells, for conducting an annual study of low-volume natural gas reservoirs. Such organization shall work with the State geologist of each State being studied.

(b) Contents

The studies under this section shall—

(1) determine the status and location of marginal wells and gas reservoirs;

(2) gather the production information of these marginal wells and reservoirs;

(3) estimate the remaining producible reserves based on variable pipeline pressures;

(4) locate low-pressure gathering facilities and pipelines;

(5) recommend incentives which will enable the continued production of these resources;

(6) produce maps and literature to disseminate to States to promote conservation of natural gas reserves; and

(7) evaluate the amount of natural gas that is being wasted through the practice of venting or flaring of natural gas produced in association with crude oil well production.

(c) Data analysis

Data development and analysis under this section shall be performed by an institution of higher education with GIS capabilities. If the organization receiving the grant under subsection (a) does not have GIS capabilities, such organization shall contract with one or more entities with—

(1) technological capabilities and resources to perform advanced image processing, GIS programming, and data analysis; and

(2) the ability to—

(A) process remotely sensed imagery with high spatial resolution;

(B) deploy global positioning systems;

(C) process and synthesize existing, variable-format gas well, pipeline, gathering facility, and reservoir data;

(D) create and query GIS databases with infrastructure location and attribute information;

(E) write computer programs to customize relevant GIS software;

(F) generate maps, charts, and graphs which summarize findings from data research for presentation to different audiences; and

(G) deliver data in a variety of formats, including Internet Map Server for query and display, desktop computer display, and access through handheld personal digital assistants.

(d) Authorization of appropriations

There are authorized to be appropriated to the Secretary for carrying out this section—

(1) $1,500,000 for fiscal year 2006; and

(2) $450,000 for each of the fiscal years 2007 through 2010.

(e) Definitions

For purposes of this section, the term “GIS” means geographic information systems technology that facilitates the organization and management of data with a geographic component.


§ 16523. Alaska natural gas pipeline

Not later than 180 days after August 8, 2005, and every 180 days thereafter until the Alaska natural gas pipeline commences operation, the Federal Energy Regulatory Commission shall submit to Congress a report describing—